

Community Development Block Grant Narrative

Introduction

The City of Cambridge has successfully completed the third year of the City's Five-Year Consolidated Plan. Activities undertaken during this period reflect the goals and objectives as stated in the City's Five-Year Consolidated Plan and One-Year Action Plan. What follows below is a broad overview of how each receiving Division within the City utilized CDBG funds in relation to the One-Year Action Plan, and how these activities contribute to the fulfillment of objectives as stated in the City's Five-Year Consolidated Plan. Please refer to each Division's separate Narrative for details not elucidated here.

| Overview of CDBG Funded Activities | Housing | Economic Development | Community Planning | Public Services |
|---|----------------------------|-------------------------|---------------------------|---------------------------|
| Accomplishments - FY 2001 - 2003 | (Units) | (Businesses) | (People Assisted) | (People Served) |
| Anticipated | 495 | 147 | 4303 | 8770 |
| Actual | 2,256 | 208 | 5,303 | 15,917 |
| <i>Five Year Consolidated Plan</i> | <i>1,914</i> | <i>335</i> | <i>6,095</i> | <i>25,613</i> |
| Expenditures - FY 2001 - 2003 | | | | |
| Anticipated | \$7,629,997 | \$728,240 | \$2,439,458 | \$2,065,178 |
| Actual | \$7,764,002 | \$542,425 | \$1,662,446 | \$1,731,413 |
| <i>Five Year Consolidated Plan</i> | <i>\$11,700,000</i> | <i>\$635,000</i> | <i>\$4,000,000</i> | <i>\$3,000,000</i> |

Housing

The City of Cambridge is home to one of the most effective Housing Division currently operating in the US. The City, being largely built-out and in close proximity to the City of Boston, faces a very challenging real-estate market where owners and developers can receive substantial returns on the open market. Considering these challenges, the Housing Division has been successful in maintaining a large percentage of affordable housing units and has been effective in the utilization and leveraging of HUD supplied funds.

The challenges faced in FY 2003 reflect these pervading trends, and as the number of available units dwindle each year, the Division must become more creative in its operations. Linkage, Inclusionary Zoning and Expiring Use programs have become the methods the City's staff employ in mitigating these difficulties, and have shown positive results in providing affordable units in a very tight market.

The Division utilizes, as its primary sub-recipients, the Homeowner's Rehab. Inc.(HRI), Just-A-Start (JAS) and Cambridge Neighborhood Apartment Housing Services (CNAHS) non-profit organizations in funding the Home Improvement Program (HIP), Affordable Housing Development (AHD) and Multi-Unit Rehab objectives. The Division has also been very successful in leveraging CDBG funds in funding its initiatives. Housing also uses HUD money to execute initiatives outside of JAS, HRI and CNAHS contracts.

The City enacts its Housing rehabilitation initiatives through three primary non-profit organizations, Housing Improvement Program (HIP), Affordable Housing Development (AHD) and Cambridge Neighborhood Apartment Housing Services (CNAHS).

- CNAHS provides low-interest rehabilitation financing to private owners of multi-family properties in return for a set-aside of units for low and moderate-income tenants.
- HIP, in collaboration with Homeowner's Rehab. Inc. (HRI), Just A Start (JAS) and the Rehabilitation Assistance Program (RAP), is a low-interest rehabilitation loan program for low and moderate-income owners of one to four unit buildings.
- AHD, through several local non-profit housing agencies including Homeowner's Rehab. Inc. (HRI) and Just A Start Corporation (JAS), provides financial assistance and technical support for the acquisition and rehabilitation of existing buildings.

The Housing Division's sub-recipients (JAS, HRI and CNAHS) derive Program Income through the re-payment of principle and interest to their respective rehabilitation Revolving Loan Funds, as well as through development fees and re-sale of properties through our Affordable Housing Development Program.

| Housing Accomplishments FY 2003 | 5 Year Goal (units) | Year 1 Actual (units) | Year 2 Actual (units) | Year 3 Anticipated (units) | Year 3 Actual (units) | Five-Year Goal Completion Percentage | Year 3 Total Spend |
|--|--------------------------------|--------------------------------------|--------------------------------------|---|--------------------------------------|---|-------------------------------|
| Affordable Housing Development | 1374 | 90 | 349 | 97 | 732 | 85.23% | \$1,345,546 |
| Home Improvement Program | 250 | 64 | 113 | 55 | 110 | 114.80% | \$1,092,111 |
| Rehab Assistance Program | 250 | 310 | 56 | 50 | 424 | 316.00% | \$321,187 |
| Historic Preservation | 40 | 8 | 8 | 5 | 0* | 40.00% | \$17,000 |
| Division Total | 1914 | 472 | 526 | 207 | 1266 | 118.29% | \$2,775,844 |

*No stand-alone Historic Preservation Projects in FY 2003

Economic Development

Having just completed Year Three of the time period covered by the Five-Year Consolidated Plan, the Division has made very positive head-way in attaining its long-term goals, as well as developing new initiatives.

The three primary initiatives of the Economic Development Division included: The continuation of its Retail Best Practices Program, which is aimed at providing low/moderate income eligible micro-enterprise retailers and restaurateurs assistance in achieving higher degrees of operational efficiency, continuing its work with the Cambridge Business Development Center (CBDC) and the implementation of the Neighborhood Revitalization Strategy (NRS), which includes Job-Training and Placement for eligible Cambridge residents as well as targeting existing initiatives toward

the NRS area.

The Division's challenges for FY 2003 were seen in the establishing of complex partnerships for its Healthcare Training NRS program which created a longer-than-expected pre-development phase, as well as an overall weakened economy that reduced the number of individuals who were ready and able to utilize the City's entrepreneurial assistance programs. It should be noted, however, that these programs were of useful assistance in helping individuals understand their position within the overall business climate and counseling them to make decisions that are more beneficial to their long-term financial well-being.

| Economic Development Accomplishments FY 2003 | 5 Year Goal (businesses served) | Year 1 Actual | Year 2 Actual | Year 3 Anticipated | Year 3 Actual | Five-Year Goal Completion Percentage | Year 3 Total Spend |
|---|--|--------------------------|--------------------------|-------------------------------|--------------------------|---|-------------------------------|
| CBDC / Small Business Assistance | 275 | 0 | 55 | 36 | 75 | 47.27% | \$94,875 |
| Retail Best-Practices | 60 | 0 | 41 | 25 | 36 | 128.33% | \$123,050 |
| <i>Division Total</i> | 335 | 0 | 96 | 61 | 111 | 61.79% | \$217,925 |

Neighborhood Revitalization Strategy

The City launched a substantially complete version of its Neighborhood Revitalization Strategy (NRS) in fiscal year 2003. Following HUD mandated guidelines, the City identified the portion of Cambridge most in need of targeted funds and programs. These programs are aimed primarily at the stabilization of neighborhoods through assistance to middle-income homeowners and economic empowerment for low-mod-income residents through job and financial awareness training and small business assistance.

Fiscal year 2003 saw successful starts in the Just-A-Start Bio-Med training program, Financial Literacy training and Best Retail Practice assistance programs and the expansion of the Home Improvement Program (HIP) to include middle-income residents. Fiscal year 2003 was also a year of pre-development for an partnership with the Cambridge Health Alliance which will give NRS area residents career focused training that prepares them for better, higher paying jobs.

A longer-than-expected pre-development phase led to a late start for the Affordable Housing initiative. This pushed back marketing and other cycles and gave the Housing staff less than a full year to leverage the NRS benefits and opportunities. With the process and plan now fully integrated we expect that the Affordable Housing achievements to meet and exceed goals on an annual basis.

| NRS Accomplishments FY 2003 | 5 Year Goal | FY 03 Anticipated | Year 3 Actual |
|--|--------------------|------------------------------|--------------------------|
| Economic Development | | | |
| Retail Best-Practices | 50 | 10 | 7 |
| Financial Literacy | 95 | 15 | 15 |
| Healthcare | n/a | n/a | n/a |
| Bio-Med Program | 25 to 35 | 5 to 7 | 7 |
| Affordable Housing | | | |
| Stabilization through HIP | 40 to 45 | 10 | 9 |

Community Planning

Cambridge's Community Planning Division plays an integral part in the City's development, and how that development is designed and enacted with public awareness and interaction. Community Planning provides high quality technical assistance to staff members, the City and residents for all department operations and provides information to the public on various planning and zoning initiatives. The Department also staffs and assists the Planning Board, working with various interested parties, both public and private, in developing, reviewing and implementing various urban design improvements.

In FY 2003, the Community Planning Division continued working with the Planning Board and City Council on comprehensive Citywide Rezoning to achieve citywide density reductions, permanent citywide project review and new housing districts. Community Planning also initiated the Concord-Alewife Planning Study (ConAle) to begin working with City residents and business owners in producing recommendations for the use of under-developed commercial / industrial area in the City. The Riverside Planning Study was completed in FY 2003. Two Open Space / Playground initiatives were completed, two were initiated and the public process for two more began. The Community Planning Division met its FY 2003 public outreach goal through the many programs, events and initiatives undertaken during the period.

City of Cambridge
Community Development Department
Fiscal Year 2003 C.A.P.E.R

| Community Planning Accomplishments FY 2003 | 5 Year Goal | Year 1 Actual | Year 2 Actual | Year 3 Anticipated | Year 3 Actual | Five-Year Goal Unit Completion Percentage | Year 3 Total Spend |
|---|--------------|------------------|------------------|-----------------------|------------------|---|-----------------------|
| Technical Assistance to Staff Members | 60 | 15 | 15 | 15 | 15 | 75.00% | n/a |
| Provide Information on Planning and Zoning | 4,000 | 1,660 | 1,400 | 1,000 | 1,400 | 111.50% | n/a |
| Outreach for Urban Design Plans & Proposed Development | 600 | 150 | 120 | 120 | 120 | 65.00% | n/a |
| Develop, Implement & Review Urban Design Improvements and Master Plan | 120 | 18 | 24 | 24 | 24 | 55.00% | n/a |
| Staff & Assist Planning Board | 120 | 36 | 24 | 24 | 24 | 70.00% | n/a |
| Parks & Playgrounds: | | | | | | | |
| Renovations | 25 | 5 | 5 | 5 | 4 | 56.00% | n/a |
| Technical Assistance | 30 | 6 | 6 | 6 | 6 | 60.00% | n/a |
| Total Parks & Playgrounds | 55 | 11 | 11 | 11 | 10 | 58.18% | n/a |
| Increase Quality & Availability of Planning-Related Information: | | | | | | | |
| GIS Maps | 600 | 75 | 120 | 120 | 120 | 52.50% | n/a |
| Presentations | 500 | 100 | 100 | 100 | 100 | 60.00% | n/a |
| Project & Program Materials | 20 | 4 | 4 | 4 | 4 | 60.00% | n/a |
| Major Department Initiatives | 20 | 4 | 4 | 4 | 4 | 60.00% | n/a |
| Total Deliverables | 1140 | 183 | 228 | 228 | 228 | 56.05% | n/a |
| Division Totals | 6,095 | 2,073 | 1,822 | 1,422 | 1,821 | 93.78% | \$663,806 |

Public Services

The City of Cambridge provides a comprehensive array of Public Services and programs for its residents through the Department of Human Services. The Department's mission is to improve the quality of life for Cambridge's youths, seniors and all residents by creating and coordinating public services. The scope of the work the Department of Human Services undertakes is impressive and its effectiveness in executing its objectives is seen in the number of Cambridge residents assisted each year through its programs.

The Department delivered these services through programs aimed at: Training and counseling for gainful employment; Legal services for at-risk families and individuals; services for Battered and Abused spouses; Child Care services; counseling and support initiatives for at-risk Youths and their families; programs for the City's Seniors and various General services which do not fit easily into a HUD specified category. The Department of Human Services also administers the City's Continuum of Care and ESG programs, which provide comprehensive services to homeless and at-risk individuals and families throughout Cambridge.

Public Services goals as stated in the Five-Year Consolidated Plan have also been amended in certain instances. This was done to effectively distinguish between all initiatives and goals and those which relate directly to CDBG funds.

Cambridge's Public Service initiatives serve a Limited Clientele {24CFR 570.208(a)(2)(i)(A)(B)} of low and moderate-income individuals and families. The City's Public Service non-profit subcontractors undertake Income Verification and

maintain such records for all applicable programs and persons. The only portion of the Limited Clientele “assumed” to be low or moderate income is the homeless, who are served through the Emergency Shelter Grant.

Fiscal Year 2003 presented great challenges to the Public Services Department to deliver its services as nearly all of its sub-recipients faced substantial reductions in funding due to the overall economic slowdown. As state and private funding resources reduced their contributions, services were necessarily scaled back in order to maintain safe and effective operations. Compounding this problem is the increase in unemployment, which leads to a higher homeless and at risk population. Heightened administrative requirements which were not accompanied by an increase in funds to offset the burden also presented a challenge to nearly all service providers.

| Public Services Accomplishments FY 2003 | 5 Year Goal | Year 1 Actual | Year 2 Actual | Year 3 Anticipated | Year 3 Actual | Five-Year Goal Completion Percentage | Year 3 Total Spend |
|--|------------------------|--------------------------|--------------------------|-------------------------------|--------------------------|---|-------------------------------|
| General | 18,600 | 3,747 | 3,693 | 1,000 | 4,298 | 63.11% | \$329,828 |
| Battered & Abused Spouses | 1,793 | 439 | 278 | 150 | 249 | 53.89% | \$66,469 |
| Child Care Services | 450 | 133 | 47 | 100 | 50 | 51.11% | \$20,000 |
| Employment Services | 1,563 | 306 | 319 | 100 | 292 | 58.69% | \$60,488 |
| Legal Services | 428 | 103 | 68 | 150 | 53 | 52.40% | \$18,327 |
| Senior Services | 1,743 | 351 | 346 | 500 | 476 | 67.32% | \$14,342 |
| Youth Services | 1,038 | 52 | 363 | 500 | 254 | 64.48% | \$62,423 |
| Program Total | 25,613 | 5,131 | 5,114 | 2,500 | 5,672 | 62.15% | \$571,877 |

Performance Measurement Systems

As a part of new initiatives set forth by the Office of Management and Budget (OMB), HUD has informed all entitlement grantees of their obligation to create and maintain Performance Measurement Systems. This initiative is aimed at establishing a new process for gathering information to determine how well programs and projects are meeting needs, and then using that information to more effectively target resources.

The component parts of this initiative involve establishing long-term and short-term goals, the tracking of accomplishments on a yearly basis, the aggregation of actual units of program-year accomplishments to short and long-term numeric goals and the assessment of the outputs and outcomes that follow. Simply, this entails the establishment of long-term goals, the year-by-year assessment of how the City is trending vis-a-vis their long-term goals and the rationalizing of how these objectives will enhance the lives of the residents we serve.

Cambridge has had such a system in place for years. We continually set long-term goals for projects and programs, we monitor and assess the performance of each on a yearly basis keeping these long-term goals in mind and we react to trends as they occur in order to better determine how our funds will be most effectively utilized. In accordance with OMB and HUD guidelines, we instituted a new focus on Outputs and Outcomes in our FY 04 One-Year Action Plan. These metrics were familiar to some sub-recipients (as they have existed for years for larger private charities) and for those new to these method steps were taken to ensure their compliance with the initiative as well as their understanding of its intention. Examples of this are seen in the tracking of monthly sales data to assess the effectiveness of our Best Retail Practices program and the tracking of post-program employment in our Bio-Med job training program.

As such, we feel that the City makes every effort to fully understand the impact our programs have on the residents and how we may make these programs more effective.

Monitoring Plans

Housing

The City of Cambridge intends to use the existing housing delivery system to achieve its production and service goals. While this will include managing some in-house programs, many programs and services will be contracted out to sub-grantees. For specific development projects, funds will be allocated to eligible projects on a competitive basis. Cambridge has had a very successful history of managing housing programs in this way.

The City monitors housing rehabilitation, new construction activity and all other community development activity carried out by sub-recipients on an annual monitoring schedule created to ensure strict compliance with applicable HUD laws, regulations and program guidelines. The monitoring process also includes an ongoing review of production levels as benchmarked in the Five-Year Consolidated Plan.

On a regular basis, the City reviews applications for specific project funding, reviewing all available funds against the needs of projects in the pipeline. This is in addition to reviewing project feasibility, providing technical assistance, and monitoring the progress of projects under construction on an on-going basis.

On a monthly basis, the City reviews all sub-grantee operating expenses by examining bills and supporting documentation for monthly program expenditures, including administrative and construction costs.

Quarterly, the City comprehensively reviews sub-recipient performance levels; reviews overall performance against goals, as well as analyze consolidated budget statements.

Annually, the City conducts regular ongoing site visits as well as program and tenant file monitoring of the Home Improvement Program, Home Ownership Program, units funded

through the HOME Program, Community Development Block Grant, and other federally funded programs to ensure compliance with program goals and federal regulations. Property Inspections are built into our service delivery system and is conducted as prescribed by HUD. Properties are closely monitored beginning at the time funds are committed to the completion of construction or rehabilitation, with monitorings that follow in subsequent years. Each year the Housing Division conducts property inspections on 10% to 15% of the units in its affordable housing stock using the schedule below:

Property Inspection Schedule:

- Every 3 years for projects with 1-4 units
- Every 2 years for projects with 5-25 units
- Annually for projects with 26 or more units

Economic Development

The City of Cambridge Economic Development Division has as its Objectives: #1 - Cultivate a supportive environment for entrepreneurship; and #2 – Sustain a diverse array of employment opportunities for Neighborhood Revitalization Strategy area residents.

The current Block Grant funded strategies to achieve these Objectives are the support of nonprofits as sub-recipients and contractors.

The City plans to conduct an on-site monitoring assessment of the program activities of the sub-recipient on a set, periodic basis (2 times a year) in order to ensure strict compliance with economic development program guidelines. The program assessment will look at the sub-recipient's progress in meeting objectives, in meeting set goals, it's reporting compliance with regard to timeliness and accuracy and whether required documentation is on file, all requirements set forth in the sub-recipient agreement between the City and the sub-recipient.

On an annual basis, the City will receive and review within 45 days of completion, a full copy of the sub-recipient's annual audit with management letter, if performed.

On a quarterly basis, the City will review copies of marketing materials for all programs and activities and a distribution list for same, a progress report on pre-development outreach activities, and all pertinent records including: copies of signed family income certification forms, a schedule of programs commenced in the quarter, copies of staff time sheets and a financial report of expenditures per Block Grant funded program.

On a monthly basis, the City will review all sub-recipient personnel and non-personnel operating expenses by examining invoices and supporting documentation for monthly program expenditures, outreach and general and administrative expenditures, as well as program income, if any.

A current Block Grant funded initiative to achieve Goal 5 of the City's Economic Development Policy: "Promote a real estate market which offers a diverse array of options for the development and leasing of business properties of different sizes, use categories and price ranges" and the sub-goal 5.3: "Maintain thriving commercial districts", is the Best Retail Practices Program. The City has entered into a contractual agreement with an expert consultant to provide services for this program. The program provides, 2 times a year, a workshop and individual store design consultation services to low-mod income micro enterprises that are retailers, restaurateurs and storefront services businesses in the City. Best Retail Practices is managed in-house and all required documentation from the participants is retained in-house.

The City actively participates in the distribution of services provided to the participants of this program. The City does the advertising and marketing the program to eligible Cambridge businesses, sponsors and participates in the workshop as an outreach activity, reviews, accepts and keeps on file the original applications (family income certification forms), sets up and accompanies the consultant on the individual consultations. The City monitors the number of participants to whom the consultant provides services.

The City also monitors the receipt of post-consultation written reports from the consultants to the participants, making sure that they are received in accordance with a pre-set schedule outlined in the contract. The City distributes the reports to the participants.

On a monthly basis, the City reviews all itemized invoices presented for payment on a percent complete basis by the consultant to assure their accuracy with respect to charges for performance under their contract with the City.

Human Services, SHP & ESG

Program and project evaluation takes place on various cycles depending on the nature of the funding. CDBG Public Service funds are monitored through quarterly reporting and an annual site visit. During FY 2002 all projects were in good standing. Their numerical progress is charted on the attached spreadsheet. SHP contracts are monitored through annual reporting and site visits. The numbers of clients served are also on the attached spreadsheet. The ESG funding is used solely for supporting the operating costs of shelters and is not a client-based form of assistance.

Citizen Comments

The Community Development Department would like to consider the views and comments of the City's residents. However, no comments were received during the 15 days that the Annual Performance Report was available to the public. Three copies of the Draft were requested by residents and were provided to them by City staff. As noted above, the FY03 Annual Performance Report will be available for examination upon request to the Cambridge Department of Community Development. All CDBG, HOME

& ESG Reports are made available for reading / downloading on the Community
Development Department's website, located at: www.ci.cambridge.ma.us/~CDD/